

Honolulu, Hawaii

APR 04 2014

RE: H.B. No. 2169
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2169, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TOURISM STIMULUS INCENTIVES,"

begs leave to report as follows:

The purpose and intent of this measure is to provide incentives to stimulate tourism.

More specifically, this measure:

- (1) Establishes a nonrefundable income tax credit for hotel and resort owners and operators, based on a percentage of wages paid to certain new employees who are hired following the construction or renovation of a hotel or resort;
- (2) Establishes a general excise tax exemption for certain income from the construction or renovation of a hotel or resort; and
- (3) Establishes a use tax exemption for property, services, and contracting subject to the general excise tax exemption.

Your Committee received written comments in support of this measure from the Hawaii Tourism Authority, Hawaii Regional Council of Carpenters, and Wyndham Vacation Ownership. The Department of



Taxation and the Tax Foundation of Hawaii submitted written comments on the measure.

Your Committee finds that tourism is Hawaii's principal industry and contributes significantly to the state economy. Your Committee also finds that Hawaii must revitalize its aging hotel and resort infrastructure in order to remain competitive as a viable travel and tourist destination. Your Committee believes that this measure will provide an incentive for the private sector to invest in hotel and resort construction and renovation.

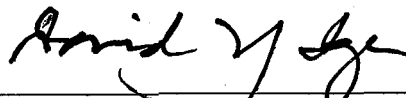
Your Committee has amended this measure by:

- (1) Deleting language that defined the term "department" to mean the Department of Business, Economic Development, and Tourism;
- (2) Copying pertinent definitions from the proposed general excise tax exemption statute to the proposed income tax credit statute;
- (3) Deleting language authorizing the Department of Business, Economic Development, and Tourism to establish a fee in connection with the certification of claims for the general excise tax exemption;
- (4) Clarifying the definition of the term "hotel facility;" and
- (5) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2169, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2169, H.D. 1, S.D. 1.



Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 2169, HD1	Committee Referral: TSM, WAM	Date: 3-28-14		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne				✓
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.		✓		
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
	11	1	0	1
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: <div style="display: flex; justify-content: space-between; font-size: small;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes